

FISCAL NOTE

SB 3443 - HB 3500

March 6, 2008

SUMMARY OF BILL: *Enacts the Tennessee Taxpayer and Citizen Protection Act.* The act would require all state and local government programs that provide certain benefits not mandated by federal law to verify immigration status prior to awarding such benefits. Requires law enforcement officials to check the citizenship status of any individual charged with a felony or DUI and if verification of lawful status cannot be obtained, to forward that information to the United States Department of Homeland Security. Requires, in most circumstances, all identification documents issued by state and local governments to be issued only to United States citizens, nationals and legal permanent resident aliens. Requires public employers to utilize a Status Verification System to verify immigration status prior to hiring a new employee or entering into a contract for services. Classifies the act of discharging a United States citizen while employing an illegal alien in a substantially similar capacity as a discriminatory practice and provides that such a practice will constitute a civil cause of action for such a violation. Denies eligibility for any postsecondary education benefit or resident tuition for any individual who is not lawfully present in the United States. Requires the Tennessee Bureau of Investigation to establish a Fraudulent Documents Identification Unit for the purpose of investigating and apprehending persons or entities participating in the distribution of fraudulent documents used for identification purposes.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Not Significant

**Increase State Expenditures – Exceeds \$9,217,300/Recurring
Exceeds \$1,226,900/One-Time**

Increase Local Revenue – Not Significant

Increase Local Expenditures* – Exceeds \$100,000

Other Fiscal Impact – Any increase in state revenues received as a result of eliminating certain franchise and excise tax exemptions or credits is unquantifiable because it is unknown how many exemptions for employees who are illegal immigrants are currently claimed. Any decrease in state expenditures as a result of prohibiting the delivery of certain public benefits to

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illegal immigrants is unquantifiable because it is unknown how many illegal immigrants currently receive such benefits. The process to determine immigrant status will lengthen the application process for many programs within state and local government. This may generate some offsetting costs. Such costs are unquantifiable. The Department of Health indicates that limiting participation in the WIC Program jeopardizes approximately \$121,869,700 in federal funds to the state.

Assumptions:

- The federal status verification system (SAVE) will charge a \$25 fee per month for system access. Each query of the system will then be subject to a fee of approximately \$0.25.
- There will be an increase in recurring expenditures exceeding \$85,500 for at least three computer links within each county of the 95 counties to access the SAVE program. The monthly fee for access is \$25 ($25 \times 95 \times 12 \times 3 = \$85,500$).
- There will be an increase in recurring state expenditures exceeding \$15,000 for at least 50 computer links to access the SAVE program. The monthly fee for access is \$25 ($25 \times 50 \times 12 = \$15,000$).
- In 2006 there were approximately 26,000 arrests for DUI statewide.
- It is assumed that 75 percent ($26,000 \times 75\% = 19,500$) of the DUI arrests were made by local law enforcement officers. At a cost of approximately \$0.25 per DUI immigration status inquiry the estimated cost to local governments is approximately \$4,875 ($19,500 \times \$0.25 = \$4,875$) to make immigration status inquiries on such arrests.
- It is assumed that 25 percent of ($26,000 \times .25 = 6,500$) of the DUI arrests were made by state law enforcement officers. At a cost of approximately \$0.25 per DUI immigration status inquiry the estimated cost to the state is approximately \$1,625 ($6,500 \times \$0.25 = \$1,625$) to make immigration status inquiries on such arrests.
- In 2006 there were approximately 310,426 non-DUI arrests statewide for felony and misdemeanor violations. Further breakdown of felony and misdemeanor violations was not available. Therefore, it is assumed that 150,000 of such violations were for felony offenses. Further, it is assumed that 75 percent ($150,000 \times 75\% = 112,500$) of such arrests were made by local law enforcement officers and 25 percent ($150,000 \times 25\% = 37,500$) arrests were made by state law enforcement officers.
- At a cost of approximately \$0.25 per felony immigration status inquiry the estimated cost to local governments is approximately \$28,125 ($112,500 \times \$0.25 = \$28,125$).
- At a cost of approximately \$0.25 per felony immigration status inquiry the estimated cost to the state is approximately \$9,375.

- The total cost to local governments to conduct immigration inquiries for every DUI and felony arrest is estimated to be \$33,000 (\$4,875 + \$28,125 = \$33,000).
- The total cost to the state to conduct immigration inquiries for every DUI and felony arrest is estimated to be \$11,000 (\$1,625 + \$9,375 = \$11,000).
- TBI will require eight new positions associated with the establishment of the new Fraudulent Documents Identification Unit. Salary and benefit costs for these positions totals \$867,700. One-time costs associated with such positions and with starting such a division total \$295,500.
- The Department of Safety will be required to make computer systems changes at an estimated one-time cost of \$24,800. Additional one-time costs to the Department include Driver License design changes (\$50,000), staff training (\$10,000) and (\$15,000) for the cost of providing information to the public concerning the required changes. The total one-time increase in state expenditures for such systems changes is \$99,800.
- Services provided by the Department of Children's Services are either governed by federal law or are exempt according to the provisions of the bill. As a result there would be no impact to the department.
- No fiscal impact to TennCare because they must conform to federal eligibility requirements under current law.
- Benefits under the Cover Tennessee program are not federally mandated and as a result would be subject to the provisions of the bill.
- The Cover Tennessee program will require two additional positions at a recurring cost of \$156,600 to comply with the verification provisions of the bill.
- The Department of Human Resources would be required to verify the status of new employees. It is estimated that the overtime required to perform such service will result in a recurring increase in state expenditures of \$9,100.
- DHS contracts with local governments, agencies and non-profit organizations to operate several programs. It is estimated that the verification requirements will increase the administrative duties of the agencies. With a one percent increase in administrative costs, DHS will incur an increase in state expenditures of \$590,900.
- In 2006, there were approximately 1,965,160 encounters in county health departments.
- The Department of Health estimates that each of the 89 rural county health departments will need two Public Health Office Assistants for verification and determination of qualified individuals. Nine Public Health Rep 2 positions will be needed for the early detection and treatment of increased communicable diseases. Such is estimated to increase recurring state expenditures by \$6,340,600 for salary and benefits (\$5,134,200), travel (\$27,000), printing and duplication

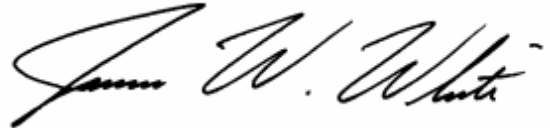
(\$20,000), supplies (\$130,900), rentals and insurance (\$766,700) and communication and technology services (\$261,800). There will be a one-time increase in expenditures of \$729,300 for office set-up and supplies.

- The Department of Health also contracts for services with six metro health offices. There will be 16 additional positions to provide verification and determination of qualified individuals which is estimated to increase recurring expenditures by \$432,300.
- The Department of Environment and Conservation will incur a one-time cost of \$18,300 to make forms changes for the Water and Wastewater Operator Certification and to make determinations concerning the 3,400 operators currently licensed. There will also be a recurring cost to the department estimated to be \$3,800 due to the increased administrative expenses of requesting and assessing affidavits of lawful presence for each operator applicant.
- Mental Health and Developmental Disabilities will require fifteen new positions to accommodate the increased workload required by immigration status verification. The recurring cost for these positions is estimated to be \$790,300 for the salary (\$493,500), benefits (\$167,800), travel (\$45,000), printing (\$4,500), office space (\$40,500), phones (\$9,000), office supplies (\$4,500), network connections (\$18,000) and annual contributions to the equipment replacement fund (\$7,500). The one-time costs for office landscaping (\$54,000) and PC's (\$30,000) are estimated to total \$84,000.
- K-12 schools and institutions of higher education only use identification cards for purposes that would be exempt under the provisions of this bill.
- A small increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local government revenue from fees, taxes and costs collected. These expenditures and revenues are estimated to be not significant.
- Any verification of employees of firms contracting with the state will be the responsibility of the contractor.
- Any cost to state agencies/departments or local governments to provide the required report to the Governor and Speakers of the House and Senate is estimated to be not significant.
- Many benefit programs administered at the local level are subject to federal immigration status requirements. Many of the ones that are not subject to federal requirements are administered in conjunction with the state therefore much of the cost of this legislation will be borne by the state.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

/cce